

**20.500 Federal Transit Capital Investment Grants - ARRA Fund Source Risk Analysis**

Risk Factor	Risk Factor Assessment	Risk Treatment Strategy	Risk Level
1 Inadequate sub-grantee monitoring	<p>Without adequate subgrantee monitoring, the risk of fraud, waste and abuse increases. There is also a risk that ineligible activities may be reimbursed. A recent FTA audit found that GDOT did not adequately monitor its subgrantees. The following material weaknesses in internal control over compliance with FTA regulations were noted in the 3/27/09 report.</p> <p>1) Subgrantee monitoring was not adequately performed by Public Transportation Coordinators for the 5311 program.</p> <p>2) Reimbursement requests of 5311 subrecipients did not include adequate supporting documentation</p> <p>3) 5311 subrecipients were not complying with specific program requirements, such as charter service.</p> <p>4) Subgrantees did not follow consistent guidelines for allocating, recording, and charging labor costs.</p>	<p>1) GDOT is in the process of engaging a consultant who will develop specific procedures and policies for the implementation of the rural public transportation program. These procedures and policies will assist the PTCs to ensure that all SGs and TPOs are monitored effectively. GDOT will also address the issue of the management of the PTCs within the organization. The anticipated completion of these tasks is 90 days.</p> <p>2) GDOT is in the process of developing necessary templates for standardized reimbursement reporting based on accurate and reliable support documentation. GDOT will provide "training sessions" for PTCs at least twice a year beginning this fall to ensure that they are familiar with the accounting and reporting functionality for FTA reimbursed expenditures. This will include to submit reimbursements along with supporting/source documents on a monthly basis.</p> <p>3) GDOT will retain a consultant within the next 30 days to assist with resolving the FMO findings including training of the PTCs to identify labor costs associated with the FTA regulations, employ reasonableness checks for total labor dollars from period to period and to ensure that labor costs are reasonably allocated. Our SG'S will be required to submit reimbursements along with supporting/source documents monthly. GDOT will begin this process in the fall of 2009.</p>	<p>(Red, Yellow, Green)</p> <p>1</p>
2 Unreliable financial reporting	<p>The following internal control weaknesses identified in an FTA audit could adversely affect ARRA reporting. There is a risk of misstated expenses and encumbrances.</p> <p>1) GDOT prepared its Financial Status reports on a cash basis, rather than the FTA required accrual basis and reported quarterly periods incorrectly, increasing the risk of misstated expenditures.</p> <p>2) GDOT does not have a process in place to reconcile its three accounting systems (FAS, PeopleSoft, and TEAM), increasing the risk of inconsistent and inaccurate financial reporting.</p> <p>3) GDOT does not have adequate processes in place to allocate, charge, and record payroll costs in compliance with FTA regulations.</p>	<p>1) GDOT will record PO encumbrances in FAS and input the funding into the FSR module. All financial activities shall be reported when funds are encumbered not when obligated. GDOT corrected the FSR for the quarter ending March 31, 2009 for the one month lag. An upgrade for the FAS software is planned.</p> <p>2) The Contracts and Fiscal Services Branch will work together with the Budget Office to reconcile the information in FAS, People Soft and TEAM. These activities will be done on a monthly basis beginning July 1, 2009.</p> <p>3) GDOT will begin charging labor costs to the grants to be in compliance with FTA regulations. GDOT segregates labor cost and travel by account code. Labor related costs are recorded in GDOT's accounting system (PeopleSoft) using the account codes listed below.</p> <p>510000 Regular Salaries</p> <p>510002 Annual Leave</p> <p>510003 Other Supplemental Pay</p> <p>511000 Overtime</p> <p>512000 Permanent Hourly Labor</p> <p>513000 Temporary/Casual Labor</p> <p>Travel expenses are recorded in the account codes in the 640000 series. Labor and travel costs are allocated to grants based on project number; however, the type of expense remains segregated by account code. GDOT will also create a new template and provide training to the PTCs to ensure compliance to record, allocate and charge payroll costs.</p>	<p>1</p>

Program Contact